

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

| Risk Description | Risk Assessment | Mitigation Measures or Risk Management Plan |
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| The Government of Kiribati lacks the managerial and technical skills to implement a project of this magnitude. | Low | <p>The government has the support of the design and supervision consultant, as well as a consultant who provides project management oversight for the MPWU and MFED. Also, the Kiribati Fiduciary Services Unit was established in the MFED to provide financial management, procurement, and advisory services. A procurement consultant was engaged to support the unit. The Pacific Region Infrastructure Facility continues to provide technical assistance to the unit since it oversees all major infrastructure projects funded by ADB and the World Bank.</p> <p>ADB, the Government of Australia, and the World Bank carry out regular and intensive supervision missions to provide support to the Government of Kiribati.</p> <p>The Kiribati Fiduciary Services Unit works closely with the Kiribati National Auditor's Office.</p> |
| Financial management capacity of the MPWU is limited, as is the capacity of the MFED. The burden imposed by requiring the financial management of the project to be the responsibility of the government, without significant additional assistance, is unrealistic. | Low | The financial management responsibilities are centered in the MFED. Ongoing capacity support is being provided by various projects and donors to strengthen the Kiribati Fiduciary Services Unit within the MFED. |
| <p>The road fails prematurely because of poor design and construction.</p> <p>The road is unsafe for users.</p> | Medium | <p>The design and supervision consultant provides overall oversight as well as specific oversight of the contractor's performance on all aspects of the contract, e.g., ensuring proper drainage and testing all materials.</p> <p>The civil works contractor will be responsible for maintenance during the 2-year defects liability period, which ensures that any construction fault exposed by weather events is repaired.</p> <p>A road safety audit was conducted during project preparation, the implementation of which will be monitored by ADB and World Bank project officers.</p> |
| Increases in the prices of fuel and raw materials cause project cost overruns. | Medium | The design and supervision consultant is monitoring costs associated with the execution of the civil works contract, and the government also carries out regular project finance assessments to establish project costs to date and anticipated costs at completion. |

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| The government provides insufficient funding for long-term road maintenance. | Low | The government has indicated a commitment to funding road maintenance directly and to supporting the activities under the project. The contractor has employed local workers who are trained to form future community-based microenterprises that will act as road maintenance units. |
| The construction of paved roads will cause disturbance to the local residents given the highly urbanized nature of the roads. | Low | The environmental management plan defines (i) the responsibilities of the contractor with regard to minimizing disruptions to local residents, and (ii) responsive action to manage disruptions. The design and supervision consultant will monitor compliance with the environmental management plan. Land acquisition and resettlement will be done in accordance with established procedures in Kiribati. Land acquisition will be minimal, and no relocation of households or businesses will be required. |
| Beach mining for construction materials will exacerbate coastal erosion. | Medium | Pavement aggregates are to be sourced from existing and controlled dredging sites; relevant environmental licenses will be obtained and compliance with license conditions enforced. |

Overall**Low**

ADB = Asian Development Bank, MFED = Ministry of Finance and Economic Planning, MPWU = Ministry of Public Works and Utilities.

Sources: Asian Development Bank; Government of Kiribati; World Bank.